

Internal Revenue bulletin

Bulletin No. 2000-46
November 13, 2000

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

SPECIAL ANNOUNCEMENT

Announcement 2000-93, page 487.

The Thirteenth Annual Institute on Current Issues in International Taxation, jointly sponsored by the Internal Revenue Service and The George Washington University, will be held on December 7 and 8, 2000, at the J.W. Marriott Hotel in Washington, DC.

INCOME TAX

Rev. Rul. 2000-51, page 469.

LIFO; price indexes; department stores. The September 2000 Bureau of Labor Statistics price indexes are accepted for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, September 30, 2000.

T.D. 8906, page 470.

Final regulations under section 752 of the Code relate to the allocation of nonrecourse liabilities by a partnership.

Rev. Proc. 2000-47, page 482.

This procedure informs the public of the Service's decision to reconsider its interpretation of section 29(c)(1)(C) of the Code and to issue no further private letter rulings regarding whether a solid fuel (other than coke and solid fuel produced from waste coal fines) is a qualified fuel under section 29(c)(1)(C) pending its reconsideration. Public comments regarding the proper interpretation of section 29(c)(1)(C) are requested by November 27, 2000. Rev. Proc. 2000-3 amplified.

EXEMPT ORGANIZATIONS

Announcement 2000-91, page 484.

A list is given of organizations now classified as private foundations.

EMPLOYMENT TAX

Notice 2000-47, page 480.

This notice provides tables that show the amount of an individual's income that is exempt from a notice of levy used to collect delinquent tax in 2001.

TAX CONVENTIONS

Page 475.

The bilateral agreement between the United States and the State of Bahrain, providing for the reciprocal tax exemption of income from the international operation of ships and/or aircraft, is set forth.

ADMINISTRATIVE

Announcement 2000-92, page 486.

This document contains corrections to proposed regulations (REG-117162-99, 2000-15, I.R.B. 871) relating to the tax treatment of cafeteria plans.

Finding Lists begin on page ii.



Department of the Treasury
Internal Revenue Service

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities

and by applying the tax law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and proce-

dures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the first Bulletin of the succeeding semiannual period, respectively.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 29.—Credit for Producing Fuel From a Nonconventional Source

May a taxpayer obtain a private letter ruling under section 29(c)(1)(C) that a solid fuel (other than coke and solid fuel produced from waste coal fines) is a qualified fuel? See Rev. Proc. 2000-47, page 482.

Section 472.—Last-in, First-out Inventories

26 CFR 1.472-1: Last-in, first-out inventories.

LIFO; price indexes; department stores. The September 2000 Bureau of

Labor Statistics price indexes are accepted for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, September 30, 2000.

Rev. Rul. 2000-51

The following Department Store Inventory Price Indexes for September 2000 were issued by the Bureau of Labor Statistics. The indexes are accepted by the Internal Revenue Service, under § 1.472-1(k) of the Income Tax Regulations and Rev. Proc. 86-46, 1986-2 C.B. 739, for appropriate application to inven-

tories of department stores employing the retail inventory and last-in, first-out inventory methods for tax years ended on, or with reference to, September 30, 2000.

The Department Store Inventory Price Indexes are prepared on a national basis and include (a) 23 major groups of departments, (b) three special combinations of the major groups - soft goods, durable goods, and miscellaneous goods, and (c) a store total, which covers all departments, including some not listed separately, except for the following: candy, food, liquor, tobacco, and contract departments.

BUREAU OF LABOR STATISTICS, DEPARTMENT STORE
INVENTORY PRICE INDEXES BY DEPARTMENT GROUPS
(January 1941 = 100, unless otherwise noted)

Groups	Sep. 1999	Sep. 2000	Percent Change from Sep. 1999 to Sep. 2000 ¹
1. Piece Goods	543.6	496.1	-8.7
2. Domestics and Draperies	629.3	609.3	-3.2
3. Women's and Children's Shoes	645.4	660.6	2.4
4. Men's Shoes	883.1	913.6	3.5
5. Infants' Wear	633.6	633.7	0.0
6. Women's Underwear	566.1	584.9	3.3
7. Women's Hosiery	326.7	342.9	5.0
8. Women's and Girls' Accessories	536.2	540.0	0.7
9. Women's Outerwear and Girls' Wear	408.9	400.2	-2.1
10. Men's Clothing	619.3	606.3	-2.1
11. Men's Furnishings	618.4	624.8	1.0
12. Boys' Clothing and Furnishings	498.5	481.7	-3.4
13. Jewelry	960.4	933.7	-2.8
14. Notions	767.0	788.0	2.7
15. Toilet Articles and Drugs	982.5	969.9	-1.3
16. Furniture and Bedding	696.6	707.2	1.5
17. Floor Coverings	602.8	614.8	2.0
18. Housewares	796.1	777.5	-2.3
19. Major Appliances	235.7	230.6	-2.2
20. Radio and Television	64.6	58.3	-9.8
21. Recreation and Education ²	96.4	92.3	-4.3
22. Home Improvements ²	127.8	128.3	0.4
23. Auto Accessories ²	107.1	106.5	-0.6
Groups 1 - 15: Soft Goods	605.2	600.3	-0.8
Groups 16 - 20: Durable Goods	450.6	438.9	-2.6
Groups 21 - 23: Misc. Goods ²	102.7	99.8	-2.8
Store Total ³	547.0	539.4	-1.4

¹ Absence of a minus sign before the percentage change in this column signifies a price increase.

² Indexes on a January 1986=100 base.

³ The store total index covers all departments, including some not listed separately, except for the following: candy, food, liquor, tobacco, and contract departments.

DRAFTING INFORMATION

The principal author of this revenue ruling is Alan J. Tomsic of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Tomsic at (202) 622-4970 (not a toll-free call).

Section 752.—Treatment of Certain Liabilities

26 CFR 1.752-3: Partner's share of nonrecourse liabilities.

T.D. 8906

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Allocation of Partnership Debt

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the allocation of nonrecourse liabilities by a partnership. The

final regulations revise tier three of the three-tiered allocation structure contained in the current nonrecourse liability regulations, and also provide guidance regarding the allocation of a single nonrecourse liability secured by multiple properties.

DATES: *Effective Date:* These regulations are effective October 31, 2000.

Applicability Date: For dates of applicability of these regulations, see §1.752-5(a).

FOR FURTHER INFORMATION CONTACT: Dan Carmody, (202) 622-3070 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Introduction

This document revises §1.752-3 of the Income Tax Regulations (26 CFR part 1) relating to the allocation by a partnership of nonrecourse liabilities.

Background

On January 13, 2000, the IRS published in the **Federal Register** a notice of proposed rulemaking (REG-103831-99, 2000-5 I.R.B. 452 [65 F.R. 2084]) to provide guidance relating to the allocation of nonrecourse liabilities by a partnership. The IRS and Treasury received public comments concerning the proposed regulations, and a public hearing was held on May 3, 2000. After consideration of the comments received, the proposed regulations are adopted as revised by this Treasury decision.

Explanation of Revisions and Summary of Comments

1. In General

Treasury regulation §1.752-3 currently provides a three-tiered system for allocating nonrecourse liabilities. The three-tiered system applies sequentially. Under the first tier, a partner is allocated an amount of the liability equal to that partner's share of partnership minimum gain under section 704(b). See §1.704-2(g)(1). Under the second tier, to the extent the entire liability has not been allocated under the first tier, a partner will be allocated an amount of liability equal to the gain that partner would be allocated under section 704(c) if the partnership disposed of all partnership property subject to one or more nonrecourse liabilities in full satisfaction of the liabilities (section 704(c) minimum gain). Under the third tier, a partner is allocated any excess nonrecourse liabilities (i.e., nonrecourse liabilities in excess of the portion allocable in the first and second tiers) under one of several methods (i.e., partner's share of profits or certain reasonably expected deductions) that the partnership may choose.

The proposed regulations modified the third tier to allow an additional method under which a partnership may allocate

an excess nonrecourse liability based on the excess section 704(c) gain (i.e., the excess of the amount of section 704(c) built-in gain attributable to an item of property over the amount of section 704(c) minimum gain on that property) attributable to the properties that are subject to the liability. In addition, for purposes of determining section 704(c) minimum gain under the second tier, the proposed regulations provided that if a partnership holds multiple properties subject to a single liability, the liability may be allocated among the properties based on any reasonable method. A method is not reasonable under the proposed regulations if it allocates to any property an amount that exceeds the fair market value of the property.

2. Allocation of Debt in Accordance With Reverse Section 704(c) Gain

One commentator noted that the additional method provided in the proposed regulations under the third tier covers only built-in gain on section 704(c) property, which includes built-in gain (i.e., book value minus adjusted basis) attributable to contributed property, but not built-in gain attributable to property subject to a revaluation (pursuant to §1.704-1(b)(2)(iv)(f)) (i.e., reverse section 704(c) gain). The commentator noted that this distinction is not made in allocating nonrecourse liabilities in accordance with section 704(c) minimum gain under the second tier and questioned the policy reason for excluding the reverse section 704(c) gain in applying the third tier. In response to this comment, the final regulations provide that an excess nonrecourse liability may be allocated under the third tier in accordance with excess section 704(c) gain as well as excess reverse section 704(c) gain (i.e., the excess of the amount of reverse section 704(c) gain attributable to an item of property over the section 704(c) minimum gain on that property) with respect to property that is subject to such liability.

3. Interplay With the Disguised Sales Rules

One commentator noted that the proposed amendments to §1.752-3 would impact the disguised sales rules relating to transfers of encumbered property. The

disguised sale rules treat a contribution of property encumbered by a "non-qualified" liability (generally, a liability incurred within two years of the contribution to the partnership that is incurred in anticipation of such contribution) as a disguised sale to the extent that the amount of the liability exceeds the contributing partner's share of the liability immediately after the contribution. Section 1.707-5(a)(2)(ii) provides that a partner's share of a nonrecourse liability, for purposes of the disguised sale rules, is determined by applying the same percentage used to determine the partner's share of the excess nonrecourse liability under §1.752-3(a)(3).

Because the proposed amendments to §1.752-3(a)(3) would allow excess nonrecourse liabilities to be allocated according to an amount, rather than a percentage, the potential for ambiguity exists. The commentator suggested that the disguised sale rules should be modified to define a partner's share of a nonrecourse liability by cross-reference to §1.752-3(a), rather than limiting the definition to the third tier. The commentator noted that maintaining separate definitions for the same term was burdensome and confusing for practitioners, and noted that the disguised sale rules provide consistency between sections 707(a) and 752 with respect to the definition of a partner's share of a recourse liability by reference to §1.752-2 without limitation.

The preamble to §1.707-5 explains that the cross-reference defining a partner's share of nonrecourse liabilities is limited to the third tier of §1.752-3(a) because the adoption of the full three-tier approach in the disguised sale context would provide an inverse relationship between the gain inherent in the contributed property and the extent to which a disguised sale of the property results from the encumbrance. See preamble (57 F.R. 44974). The contributing partner's share of the liability under §1.752-3(a) generally will increase as the amount of built-in gain on the property increases, which in turn would reduce the extent to which the contribution would be treated as a disguised sale.

The same problem would exist if the proposed modifications to the third tier were taken into account for purposes of §1.707-5(a)(2)(ii). To the extent that excess section 704(c) gain exists with respect to a property, the partnership could

allocate excess nonrecourse liabilities to the contributing partner. The greater the built-in gain with respect to a property, the less likely it would be that a disguised sale would result from the contribution. In order to avoid this inappropriate result, the final regulations clarify that the modifications made to the third tier do not apply for purposes of §1.707-5(a)(2)(ii). Thus, for purposes of the disguised sale rules, the partner's share of nonrecourse liabilities continues to be determined under the third tier by reference to the partner's share of profits or certain reasonably expected deductions.

4. Treatment of "Extra" Excess Section 704(c) Gain

Rev. Rul. 95-41 (1995-1 C.B. 132) holds that if a partnership determines the partners' interests in partnership profits based on all of the facts and circumstances relating to the economic arrangement of the partners, excess section 704(c) gain is one factor, but not the only factor, to be considered under §1.752-3(a)(3). The preamble to the proposed regulations provides that this holding will remain relevant where a partnership does not allocate nonrecourse debt under the third tier based on the excess section 704(c) gain attributable to the property that is subject to the debt. The preamble also provides that once a partnership has allocated nonrecourse indebtedness pursuant to the rule in the proposed regulations based upon excess section 704(c) gain, that excess section 704(c) gain cannot again be considered in determining a partner's interest in partnership profits.

One commentator asked, in situations where the amount of a liability allocated to a partner under the third tier pursuant to the rule contained in the proposed regulations is less than the partner's share of excess 704(c) gain, whether the remaining excess 704(c) gain should be taken into account for purposes of determining a partner's interest in partnership profits under the third tier with regard to other liabilities.

The statement contained in the preamble regarding the impact of the proposed regulations on Rev. Rul. 95-41 reflects a concern on the part of IRS and Treasury that taxpayers might count the same excess section 704(c) gain in applying the

rule in the proposed regulations and then again in determining a partner's interest in partnership profits under the third tier. To the extent that a portion of excess section 704(c) gain remains after a liability has been fully allocated, there is no double-counting, and the remaining portion of the gain should be taken into account as one factor to be considered in determining a partner's interest in partnership profits under §1.752-3(a)(3) and Rev. Rul. 95-41.

5. Applicability of §1.752-3(b) to Third-Tier Allocations

The proposed regulations provide rules regarding the allocation of a single liability among multiple properties. The proposed regulations generally provide that if a partnership has multiple properties subject to a single liability, for purposes of determining the amount of section 704(c) minimum gain in applying the second tier, the partnership may allocate to each property an amount of the liability that, when combined with any other liabilities allocated to the property, do not exceed the property's fair market value. The portion of the liability allocated to each property will be treated as a separate loan in determining the section 704(c) minimum gain attributable to the property.

One commentator asked that the rule for allocating a single liability among multiple properties under the second tier also apply to third tier allocations. For purposes of the second tier, where nonrecourse debt is cross-collateralized, it is necessary to determine how much of the nonrecourse debt is attributable to each partnership property, since debt is allocated among the partners under that tier based upon the amount by which the debt attributable to each specific property exceeds the tax basis of such property. (See §1.704-3(a)(2), which provides that, except in limited circumstances, section 704(c) applies on a property-by-property basis.) Under the proposed modification to the third tier, any remaining nonrecourse liability of the partnership could be allocated to a partner up to the excess section 704(c) gain allocable to the partner on property subject to that liability. There is no need to bifurcate cross-collateralized debt under this tier, since excess section 704(c) gain is not limited by the amount of debt attributable to specific partnership property. So long as a partner's

share of excess section 704(c) gain is attributable to property that is "subject to" the debt being allocated, the debt may be allocated in accordance with that partner's share of such excess section 704(c) gain. Multiple properties may be "subject to" the same indebtedness. Bifurcating the debt among multiple properties so that each property is treated as subject to only a portion of the debt actually would limit taxpayers' flexibility and narrow the scope of the proposed change to the third tier. Accordingly, the commentator's recommendation is not adopted. However, the final regulations add an example which clarifies the operation of this rule.

6. Retroactive Effective Date

One commentator suggested that the regulations should apply on a retroactive basis. This suggestion has not been adopted. However, the final regulations respond to this recommendation by providing an optional effective date for those taxpayers who wish to apply the rules currently to liabilities incurred prior to the issuance of these regulations.

7. Additional Comments Requested

The preamble to the proposed regulations requested comments regarding the allocation of a single liability among multiple partnerships. Although no formal comments were submitted on this issue, several commentators have indicated that additional guidance regarding appropriate methods of allocating such liabilities would be helpful. The IRS and Treasury again request comments regarding this issue.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding these regulations was submitted to the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Christopher T. Kelley, Office of Chief Counsel (Passthroughs and Special Industries). However, other personnel from the IRS and Treasury participated in their development.

* * * * *

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.752-3 is amended as follows:

1. Paragraph (a)(3) is amended by adding three sentences immediately before the last sentence in the paragraph.

2. Paragraph (b) is redesignated as paragraph (c).

3. New paragraph (b) is added.

4. Newly designated paragraph (c) is amended by revising the introductory text and adding a new *Example 3*.

The revisions and addition read as follows:

§1.752-3 Partner's share of nonrecourse liabilities.

(a) * * *

(3) * * * Additionally, the partnership may first allocate an excess nonrecourse liability to a partner up to the amount of built-in gain that is allocable to the partner on section 704(c) property (as defined under §1.704-3(a)(3)(ii)) or property for which reverse section 704(c) allocations are applicable (as described in §1.704-3

(a)(6)(i)) where such property is subject to the nonrecourse liability to the extent that such built-in gain exceeds the gain described in paragraph (a)(2) of this section with respect to such property. This additional method does not apply for purposes of §1.707-5(a)(2)(ii). To the extent that a partnership uses this additional method and the entire amount of the excess nonrecourse liability is not allocated to the contributing partner, the partnership must allocate the remaining amount of the excess nonrecourse liability under one of the other methods in this paragraph (a)(3).

* * *

(b) *Allocation of a single nonrecourse liability among multiple properties*—(1) *In general.* For purposes of determining the amount of taxable gain under paragraph (a)(2) of this section, if a partnership holds multiple properties subject to a single nonrecourse liability, the partnership may allocate the liability among the multiple properties under any reasonable method. A method is not reasonable if it allocates to any item of property an amount of the liability that, when combined with any other liabilities allocated to the property, is in excess of the fair market value of the property at the time the liability is incurred. The portion of the nonrecourse liability allocated to each item of partnership property is then treated as a separate loan under paragraph (a)(2) of this section. In general, a partnership may not change the method of allocating a single nonrecourse liability under this paragraph (b) while any portion of the liability is outstanding. However, if one or more of the multiple properties subject to the liability is no longer subject to the liability, the portion of the liability allocated to that property must be reallocated among the properties still subject to the liability so that the amount of the lia-

bility allocated to any property does not exceed the fair market value of such property at the time of reallocation.

(2) *Reductions in principal.* For purposes of this paragraph (b), when the outstanding principal of a partnership liability is reduced, the reduction of outstanding principal is allocated among the multiple properties in the same proportion that the partnership liability originally was allocated to the properties under paragraph (b)(1) of this section.

(c) *Examples.* The following examples illustrate the principles of this section:

* * * * *

Example 3. Allocation of liability among multiple properties. (i) A and B are equal partners in a partnership (PRS). A contributes \$70 of cash in exchange for a 50-percent interest in PRS. B contributes two items of property, X and Y, in exchange for a 50-percent interest in PRS. Property X has a fair market value (and book value) of \$70 and an adjusted basis of \$40, and is subject to a nonrecourse liability of \$50. Property Y has a fair market value (and book value) of \$120, an adjusted basis of \$40, and is subject to a nonrecourse liability of \$70. Immediately after the initial contributions, PRS refinances the two separate liabilities with a single \$120 nonrecourse liability. All of the built-in gain attributable to Property X (\$30) and Property Y (\$80) is section 704(c) gain allocable to B.

(ii) The amount of the nonrecourse liability (\$120) is less than the total book value of all of the properties that are subject to such liability (\$70 + \$120 = \$190), so there is no partnership minimum gain. §1.704-2(d). Accordingly, no portion of the liability is allocated pursuant to paragraph (a)(1) of this section.

(iii) Pursuant to paragraph (b)(1) of this section, PRS decides to allocate the nonrecourse liability evenly between the Properties X and Y. Accordingly, each of Properties X and Y are treated as being subject to a separate \$60 nonrecourse liability for purposes of applying paragraph (a)(2) of this section. Under paragraph (a)(2) of this section, B will be allocated \$20 of the liability for each of Properties X and Y (in each case, \$60 liability minus \$40 adjusted basis). As a result, a portion of the liability is allocated pursuant to paragraph (a)(2) of this section as follows:

Partner	Property	Tier 1	Tier 2
A	X	\$0	\$0
	Y	\$0	\$0
B	X	\$0	\$20
	Y	\$0	\$20

(iv) PRS has \$80 of excess nonrecourse liability that it may allocate in any manner consistent with paragraph (a)(3) of this section. PRS determines to allocate the \$80 of excess nonrecourse liabilities to the partners up to their share of the remaining section 704(c) gain on the properties, with any remain-

ing amount of liabilities being allocated equally to A and B consistent with their equal interests in partnership profits. B has \$70 of remaining section 704(c) gain (\$10 on Property X and \$60 on Property Y), and thus will be allocated \$70 of the liability in accordance with this gain. The remaining \$10 is di-

vided equally between A and B. Accordingly, the overall allocation of the \$120 nonrecourse liability is as follows:

<i>Partner</i>	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3</i>	<i>Total</i>
A	\$0	\$0	\$5	\$5
B	\$0	\$40	\$75	\$115

Par. 3. In §1.752–5, paragraph (a) is amended by adding three sentences after the first sentence:

Section 1.752–5 Effective dates and transition rules.

(a) *In general.* * * * However, §1.752–3(a)(3) fifth, sixth, and seventh sentences, (b), and (c) *Example 3*, do not apply to any liability incurred or assumed by a partnership prior to October 31, 2000. Nevertheless, §1.752–3(a)(3)

fifth, sixth, and seventh sentences, (b), and (c) *Example 3*, may be relied upon for any liability incurred or assumed by a partnership prior to October 31, 2000 for taxable years ending on or after October 31, 2000. * * *

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David A. Mader,
*Acting Deputy Commissioner
of Internal Revenue.*

Approved October 11, 2000.

Jonathan Talisman,
*Acting Assistant Secretary
of the Treasury.*

(Filed by the Office of the Federal Register on October 30, 2000, 8:45 a.m., and published in the issue of the Federal Register for October 31, 2000, 65 F.R. 64888)

Part II. Treaties and Tax Legislation

Subpart A.—Tax Conventions

EMBASSY OF THE UNITED STATES OF AMERICA

No. 201

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the State of Bahrain and has the honor to propose that the two Governments conclude an agreement to exempt from income tax, on a reciprocal basis, certain income derived from the international operation of a ship or ships and aircraft as follows:

The Government of the United States of America, in accordance with sections 872(b) and 883(a) of the U.S. internal revenue code of 1986, agrees to exempt from U.S. federal income tax gross income derived from the international operation of a ship or ships or aircraft by individuals who are residents of Bahrain (other than U.S. citizens or residents) and corporations that are organized in Bahrain, in each case, that are engaged in the international operation of a ship or ships or aircraft. This exemption shall be granted on the basis of equivalent exemptions granted by Bahrain to individual residents of the United States and to corporations organized in the United States.

In the case of a Bahrain corporation, the exemption shall apply only if the corporation meets the ownership or public trading requirements of U.S. Law. For purposes of such ownership requirements, the Government of Bahrain shall be treated as an individual resident of Bahrain.

Gross income derived from the international operation of a ship or ships or aircraft includes:

- (i) income from the rental on a full (time or voyage) basis of a ship or ships or aircraft used in international transport;
- (ii) income from the rental on a bareboat basis of a ship or ships or aircraft used in international transport;
- (iii) income from the rental of containers and related equipment used in international transport that is incidental to income from the international operation of a ship or ships or aircraft;
- (iv) gains from the sale or other alienation of a ship or ships or aircraft used in international transport; and

--(v) income derived by an individual or corporation otherwise engaged in the international operation of a ship or ships or aircraft from active participation in a pool, an alliance, joint venture, international operating agency, or other venture, that is itself engaged in the international operation of a ship or ships or aircraft

The Embassy, on behalf of the Government of the United States of America, proposes that if the foregoing is acceptable to the Government of Bahrain, this note and the Ministry's reply note shall constitute an agreement between the two Governments, which shall enter into force on the date of the Ministry's reply note and shall have effect with respect to taxable years beginning on or after January 1, 1999. It shall remain in force until terminated by either Government giving written notice to the other Government through diplomatic channels.

The Embassy of the United States avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the State of Bahrain the assurance of its highest consideration.



Embassy of the United States of America
Manama, September 1, 1999.

STATE OF BAHRAIN
MINISTRY OF FOREIGN AFFAIRS

دولة البحرين
وزارة الخارجية

6/100/231- 13306

Ref.

Dare 12th September, 1999

الرقم

التاريخ

Note Verbale

The Ministry of Foreign Affairs of the State of Bahrain presents its compliments to the Embassy of the United States of America to the State of Bahrain and has the honour to acknowledge receipt of the Embassy's note of 1st September, 1999 proposing an agreement to exempt from Bahrain tax gross income derived from the international operation of a ship or ships or aircraft by individual residents of the United States and by corporations organized in the United States, in each case, that are engaged in the international operation of a ship or ships or aircraft. This exemption shall be granted on the basis of equivalent exemptions granted by the United States to individuals who are residents of Bahrain (other than U.S. citizens or residents) and to corporations that are organized in Bahrain.

The terms of the agreement are as follows:

The Government of Bahrain agrees to exempt from Bahrain tax gross income derived from the international operation of a ship or ships or aircraft by individuals who are residents of the United States and corporations that are organized in the United States, in each case, that are engaged in the international operation of a ship or ships or aircraft.

This exemption is granted on the basis of equivalent exemptions granted by the United States under the terms of your note of 1st September, 1999.

Gross income derived from the international operation of a ship or ships or aircraft includes:

- (i) income from the rental on a full (time or voyage) basis of ship or ships or aircraft used in international transport;
- (ii) income from the rental on a bareboat basis of a ship or ships or aircraft used in international transport;

- (iii) income from the rental of containers and related equipment used in international transport that is incidental to income from the international operation of a ship or ships or aircraft;
- (iv) gains from the sale or other alienation of a ship or ships or aircraft used in international transport; and
- (v) income derived by an individual or corporation otherwise engaged in the international operation of a ship or ships or aircraft from active participation in a pool, in alliance, joint venture, international operating agency, or other venture, that is itself engaged in the international operation of a ship or ships or aircraft.

The Ministry of Foreign Affairs of the State of Bahrain confirms that the Government of Bahrain accepts the proposal contained in the Embassy's Note No.201 and that the Embassy's note and this note in reply constitute an agreement between the two Governments, which shall enter into force on the date of this note and shall have effect with respect to taxable years beginning on or after January 1, 1999. It shall remain in force until terminate by either Government giving written notice to the other Government through diplomatic channels.

The Ministry of Foreign Affairs of the State of Bahrain takes this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.



Ministry of Foreign Affairs
State of Bahrain

12th September 1999

Part III. Administrative, Procedural, and Miscellaneous

Tables for Figuring Amount Exempt From Levy on Wages, Salary, and Other Income

Notice 2000-47

1. Table for Figuring Amount Exempt From Levy on Wages, Salary, and Other Income

(Forms 668-W(c) & 668-W(c)(DO)) 2001

Publication 1494, shown below, provides tables that show the amount of an individual's income that is exempt from a notice of levy used to collect delinquent tax in 2001.

(Amounts are for each pay period.)

Filing Status: Single							
Pay Period	Number of Exemptions Claimed on Statement						
	1	2	3	4	5	6	More Than 6
Daily	28.65	39.81	50.96	62.12	73.27	84.42	17.50 plus 11.54 for each exemption
Weekly	143.27	199.04	254.81	310.58	366.35	422.12	87.50 plus 55.77 for each exemption
Biweekly	286.54	398.08	509.62	621.15	732.69	844.23	175.00 plus 111.54 for each exemption
Semi-monthly	310.42	431.25	552.08	672.92	793.75	914.58	189.58 plus 120.83 for each exemption
Monthly	620.83	862.50	1104.17	1345.83	1587.50	1829.17	379.17 plus 241.67 for each exemption

Filing Status: Unmarried Head of Household							
Pay Period	Number of Exemptions Claimed on Statement						
	1	2	3	4	5	6	More Than 6
Daily	36.73	47.88	59.04	70.19	81.35	92.50	25.58 plus 11.54 for each exemption
Weekly	183.65	239.42	295.19	350.96	406.73	462.50	127.88 plus 55.77 for each exemption
Biweekly	367.31	478.85	590.38	701.92	813.46	925.00	255.77 plus 111.54 for each exemption
Semi-monthly	397.92	518.75	639.58	760.42	881.25	1002.08	277.08 plus 120.83 for each exemption
Monthly	795.83	1037.50	1279.17	1520.83	1762.50	2004.17	554.17 plus 241.67 for each exemption

Filing Status: Married Filing Joint (and Qualifying Widow(er)s)							
Pay Period	Number of Exemptions Claimed on Statement						
	1	2	3	4	5	6	More Than 6
Daily	40.38	51.54	62.69	73.85	85.00	96.15	29.23 plus 11.54 for each exemption
Weekly	201.92	257.69	313.46	369.23	425.00	480.77	146.15 plus 55.77 for each exemption
Biweekly	403.85	515.38	626.92	738.46	850.00	961.54	292.31 plus 111.54 for each exemption
Semi-monthly	437.50	558.33	679.17	800.00	920.83	1041.67	316.67 plus 120.83 for each exemption
Monthly	875.00	1116.67	1358.33	1600.00	1841.67	2083.33	633.33 plus 241.67 for each exemption

Filing Status: Married Filing Seperate							
Pay Period	Number of Exemptions Claimed on Statement						
	1	2	3	4	5	6	More Than 6
Daily	25.77	36.92	48.08	59.23	70.38	81.54	14.62 plus 11.54 for each exemption
Weekly	128.85	184.62	240.38	296.15	351.92	407.69	73.07 plus 55.77 for each exemption
Biweekly	257.69	369.23	480.77	592.31	703.85	815.38	146.15 plus 111.54 for each exemption
Semi-monthly	279.17	400.00	520.83	641.67	762.50	883.33	158.33 plus 120.83 for each exemption
Monthly	558.33	800.00	1041.67	1283.33	1525.00	1766.67	316.67 plus 241.67 for each exemption

2. Table for Figuring Additional Exempt Amount for Taxpayers at Least 65 Years Old and/or Blind

Additional Exempt Amount						
Filing Status	*	Daily	Wkly	Bi-Wkly	Semi-Mo	Monthly
Single or Head of Household	1	4.23	21.15	42.31	45.83	91.67
	2	8.46	42.31	84.62	91.67	183.33
Any Other Filing Status	1	3.46	17.31	34.62	37.50	75.00
	2	6.92	34.62	69.23	75.00	150.00
	3	10.38	51.92	103.85	112.50	225.00
	4	13.85	69.23	138.46	150.00	300.00

* ADDITIONAL STANDARD DEDUCTION claimed on Parts 3, 4, & 5 of levy.

Examples

These tables show the amount exempt from a levy on wages, salary, and other income.

For example:

1. A single taxpayer who is paid weekly and claims three exemptions (including one for the taxpayer) has \$254.81 exempt from levy.
2. If the taxpayer in number 1 is over 65 and writes 1 in the ADDITIONAL STANDARD DEDUCTION space on Parts 3, 4, & 5 of the levy, \$275.96 is exempt from this levy (\$254.81 plus \$21.15).
3. A taxpayer who is married, files jointly, is paid bi-weekly, and claims two exemptions (including one for the taxpayer) has \$515.38 exempt from levy.
4. If the taxpayer in number 3 is over 65 and has a spouse who is blind, this taxpayer should write 2 in the ADDITIONAL STANDARD DEDUCTION space on Parts 3, 4, & 5 of the levy. Then, \$584.61 is exempt from this levy (\$515.38 plus \$69.23).

26 CFR 601.201: Rulings and determination letters.

(Also Part I, section 29.)

Rev. Proc. 2000-47

SECTION 1. PURPOSE

This revenue procedure amplifies Rev. Proc. 2000-3, 2000-1 I.R.B. 103, which sets forth areas of the Internal Revenue Code in which the Internal Revenue Service will not issue advance rulings or determination letters.

SECTION 2. BACKGROUND

Section 5 of Rev. Proc. 2000-3 sets forth those areas under extensive study in which rulings or determination letters will not be issued until the Service resolves the issue through publication of a revenue ruling, revenue procedure, regulations, or otherwise.

The purpose of § 29 of the Internal Revenue Code is to reduce United States dependence on imported energy. S. Rep. No. 394, 96th Cong., 1st Sess. 87 (1979), 1980-3 C.B. 131, 205.

Section 29 provides a credit against income tax for the production and sale of "qualified fuels" produced from a non-conventional source. Section 29(c)(1)(C) provides that qualified fuels include liquid, gaseous, or solid synthetic fuels produced from coal (including lignite).

Rev. Rul. 86-100, 1986-2 C.B. 3, adopts for purposes of § 29(c)(1)(C) the definition of synthetic fuel in § 1.48-9(c)(5) of the Income Tax Regulations because of the similar purpose and language of § 29 and former § 48(l) of the Internal Revenue Code of 1954. Section 1.48-9(c)(5)(ii) provides that, to be "synthetic," a fuel must differ significantly in chemical composition, as op-

posed to physical composition, from the substance used to produce it.

The Service has issued a number of rulings that allow taxpayers to claim the § 29 credit with respect to coke and solid fuels produced from waste coal and coal fines. Concern has been raised that taxpayers are also claiming the § 29 credit for processing coal in other ways that may not have been intended by the Congress. The Treasury Department and the Service are seeking information concerning the processes currently used in producing solid fuel for which the credit is claimed.

SECTION 3. PROCEDURE

Rev. Proc. 2000-3 is amplified by adding the following to section 5:

Section 29.—Credit for Production and Sale of Qualified Fuels.—Whether a solid fuel other than coke or a fuel produced from waste coal is a qualified fuel under § 29(c)(1)(C). Waste coal for this purpose is limited to waste coal fines from normal mining and crushing operations and does not include fines produced (for example, by crushing run-of-mine coal) for the purpose of claiming the credit.

SECTION 4. EFFECTIVE DATE

This revenue procedure applies to all ruling requests, including any pending in the national office and any submitted after the date of publication of this revenue procedure. Taxpayers that have pending ruling requests involving solid fuel other than coke but whose ruling requests do not indicate that the fuel is produced from waste coal fines may modify their ruling requests if they meet the standard described in section 3 of this revenue procedure so that the Service

may continue to consider their requests.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2000-3 is amplified.

SECTION 6. REQUEST FOR COMMENTS

The Service requests comments concerning this revenue procedure and the standard to be applied in determining whether fuel produced from coal is a solid synthetic fuel. In particular, the Service requests comments on whether significant chemical change is an appropriate test and, if so, what constitutes such a change. The Service also requests comments on whether, in the case of solid fuels other than coke, additional or alternative tests are needed. Comments are specifically requested with respect to the following: (1) should the § 29 credit for solid synthetic fuel under § 29(c)(1)(C) be allowed only where domestic energy production is increased; (2) under what circumstances should the § 29 credit for solid synthetic fuel under § 29(c)(1)(C) be allowed with respect to fuel produced from waste coal and coal fines; and (3) must a solid synthetic fuel have a market value that is significantly greater than the market value of the coal and any additives from which it is produced.

To facilitate speedy resolution, the Service requests that comments be submitted by November 27, 2000. An original and eight copies of written comments should be mailed to:

Internal Revenue Service
Attn: CC:MSP:R (Rev. Proc. 2000-47)
Room 5228 (PSI:Br6)
PO Box 7604
Ben Franklin Station
Washington, DC 20044

or hand delivered between the hours of
8:00 a.m. and 5:00 p.m. to:

Courier's Desk
Internal Revenue Service
Attn: CC:MSP:R (Rev. Proc. 2000-47)
Room 5228 (PSI:Br6)
1111 Constitution Avenue, NW
Washington, DC

In addition, comments may be submitted
electronically at:

joel.s.rutstein@ml.irs.counsel.treas.gov.

DRAFTING INFORMATION

The principal author of this revenue
procedure is David McDonnell of the Of-
fice of Associate Chief Counsel
(Passthroughs and Special Industries).
However, other personnel from the IRS
and Treasury participated in its develop-
ment. For further information regarding
this revenue procedure contact Mr. Mc-
Donnell at (202) 622-3110 (not a toll-free
call).

Part IV. Items of General Interest

Foundations Status of Certain Organizations

Announcement 2000-91

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

Former Public Charities. The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

Afghanistan Peace Association, Inc.,
Flushing, NY
Alameda County Cancer League, Inc.,
Piedmont, CA
Alameda Ladies Relief Society,
Alameda, CA
Alfred J. Friend Memorial Fund, Inc.,
Rockville Centre, NY
Alliance for Advanced Coatings
Research, Rolla, MO
Alternative Home Care, Inc.,
Mount Sinai, NY
American Friends of Birkat Peretz,
Brooklyn, NY
American Friends of Gifted Young
Musicians in Israel, Inc.,
New York, NY
American Friends of Ora, Brooklyn, NY
American Friends of Yeshiva Nezer
Hatorah, Inc., Brooklyn, NY
American Friends of Yeshivat Imrei Datt,
Inc., Brooklyn, NY
American Philharmonic & Theatre
Company, Inc., New York, NY
Angels on Earth, Inc., Lawrence, NY
Another Door, Ltd., Glencove, NY
Appomattox Primary School Parent-
Teacher Organization, Appomattox, VA
Arizona Hispanic Association,
Apache Junction, AZ
Arkansas Osteopathic Foundation,
Little Rock, AR

Association for Legal Learning,
Pelham, NY
Atlanta Outreach Foundation for the
Homeless, Atlanta, GA
B. Stephen Demchuk Foundation,
South Salem, NY
Bakersfield Storm Soccer Club,
Bakersfield, CA
Bath Civil War Preservation Society, Inc.,
Bath, ME
Battered Womens Resource Center, Inc.,
Brooklyn, NY
Benjamin Church Development
Corporation, Bristol, RI
Bishop Henry B. Hucles Nursing Home,
Inc., Uniondale, NY
Bluff City Middle School Athletic Booster
Club, Bluff City, TN
Boles Junior High Athletic Booster Club,
Inc., Arlington, TX
Bosnian Refugees Association, Corp.,
Long Island City, NY
Brain Injury Association Texas Gulf Coast
Area, Houston, TX
Brass Band of Minot, Milnot, ND
Brazilian Community Center,
Malden, MA
Break O'Day Farm and Metcalfe Museum,
Inc., Durham, OK
Bridges of Milwaukee, Inc.,
Wauwatosa, WI
Brookdale Residence Housing Development
Fund Corporation, Brooklyn, NY
Brotherhood for HIV Economic Support,
Inc., Evansville, IN
Buckeye Academic Booster Club,
Buckeye, AZ
Buenos Aires Yoga School Foundation,
Chicago, IL
Building Blocks Non-Profit Housing
Corporation, Royal Oak, MI
California Capital Access Forum, Inc.,
San Francisco, CA
Catch and Release Foundation, Inc.,
Pound Ridge, NY
Catholics for Life, Inc., Deer Park, NY
C C L Chinese-American Culture Learning
Center, Inc., Flushing, NY
Cedarburg Junior Womans Club, Inc.,
Cedarburg, WI
Center for Childrens Advocacy, Inc.,
Nutley, NJ
Center for Policy Studies in Russia,
Monterey, CA
Center for the Urban Environment, Inc.,
Brooklyn, NY

Chassidic Discover Center, Inc.,
Brooklyn, NY
Chen V'Chesed, Brooklyn, NY
Child Identification & Data Services,
Incorporated, Brooklyn, NY
Children Mishnayos Memorial
Foundation, Inc., Brooklyn, NY
Childrens Fund USA, Inc., Brooklyn, NY
Christmas in April - El Paso, Inc.,
El Paso, CA
Christmas in the Valley, Arcadia, MO
City Club of Boise, Inc., Boise, ID
Clinton Residence, Inc., Hempstead, NY
Coalition for Pregnant Teens Services for
Youth and Families,
West Hempstead, NY
Community Ministries of Virginia, Inc.,
Newport News, VA
Contemporary Chamber Opera of
Minnesota, Inc., Minneapolis, MN
Contending for the Faith Bible Study,
Tampa, FL
Corporate Kingdom, Ltd.,
Garden City, NY
Corporation for Musical Development,
Middle Village, NY
Counsel of Substance Abuse
Professionals, Inc., Rome, GA
Cultural Center of the Taino Nation of the
Antilles, Inc., New York, NY
Cystic Fibrosis Support Group of
Oregon, Clackamas, OR
Dark Horse Productions, Inc.,
Amagansett, NY
David Rosenthal Foundation,
Great Neck, NY
Deaf and Hearing Ventures, Incorporated,
Birmingham, AL
DEAF, Inc., New York, NY
Desnick Family Charitable Foundation,
Chicago, IL
Disability Group, Inc., Los Angeles, CA
Donation for Life Coalition, Inc.,
San Francisco, CA
Earthspan, Stewartstown, PA
East Central Upper Peninsula Health and
Education Foundation, Newberry, MI
Ebony Zawadi, Inc., Brandywine, MD
Elderly Housing Services, Inc.,
Johnson City, TN
Emilys Store, Inc., Columbia, MD
End Time Full Gospel Harvestors, Inc.,
Floral Park, NY
Families of Abused Children Traumatized
Sexually, Inc., Virginia Beach, VA
Family Link-up, Inc., Brooklyn, NY

Far Rockaway Panther Football, Inc.,
Far Rockaway, NY
Farm Workers Development Center,
Granger, WA
Fathers and Mothers in Legal Yearning,
Inc., Tucson, AZ
Flatbush Youth Association, Inc.,
Brooklyn, NY
Focus Information Service, Ltd.,
Dayton, OH
Fontana Academy of Martial Arts,
Fontana, CA
Foundation for Clean Air Progress,
Washington, DC
Foundation for Peace, Inc.,
Brookville, NY
Foundation for the Children of Haiti,
Dix Hills, NY
Foundation for the Prevention and
Recovery of Missing Children,
Boca Raton, FL
Friends of Beth Yisrael Institutions,
Brooklyn, NY
Friends of Rye Brook, Inc.,
Rye Brook, NY
Friends of the William Floyd Estate,
Inc., Patchogue, NY
Frontier Fertilizer Superfund Oversight
Group, Davis, CA
Fund for the Children of Chernobyl
Northwest United States of America,
Kent, WA
Garland Genealogical Society, Inc.,
Garland, TX
Give a Helping Hand Corporation,
Bay Shore, NY
Griffin-Spalding Clean Community
Commission, Inc., Griffin, GA
Habitat for Elderly & Handicapped, Inc.,
Shirley, NY
Hampton Roads Boys-Girls Club
Alumni Association,
Newport News, VA
Hashevaynu, Inc., Monsey, NY
Health Care Resources Interlink, Inc.,
Care Resources, San Jose, CA
High Thoughts Ministries, Inc.,
Newbury Park, CA
Hmong American Womens Association,
Milwaukee, WI
Homeowners Assistance Corporation of
New York, St. Albans, NY
Inner-Outer Partnership,
Pacific Palisades, CA
Institute for Community Leadership
Training, Inc., Brooklyn, NY
Institute of World Traditional Medicine,
Santa Monica, CA

Interactive Trust - A Foundation for
America, Des Moines, IA
International Center for Jewish
Peoplehood, Memphis, TN
International Skating Center of
Connecticut Scholarship Foundation,
Avon, CT
International Used Oil Research Institute,
Mobile, AL
Internet Nonprofit Center, Inc.,
Brooklyn, NY
Irish Services, Inc., Woodside, NY
Island Park Playground Fund
Organization, Inc., Island Park, NY
It Takes a Village, Inc., Chicago, IL
Jesus the Living Word Ministries, Inc.,
Hughson, CA
Jim Clark Community Services, Inc.,
Inglewood, CA
June and Roy Metcalf Elementary Parent-
Teacher Organization, Houston, TX
Kansas Community Corporation,
Kansas, IL
Keeping Brothers in School, Inc.,
Brooklyn, NY
Keren Aniyai Irchoh, Inc., Brooklyn, NY
Kids Instilled with Dignity Survive Kids,
Inc., Ponte Verde, FL
Kids Nutritional Services, Slidell, LA
Kincraig Housing, Inc., Brooklyn, NY
King Kekaulike High School Band
Boosters, Pukalani, HI
Koakos Syllogos Ippocrates, Inc.,
Astoria, NY
Kolel Zichron Yoseph, Inc.,
Brooklyn, NY
Laneville Christmas Light Display,
Laneville, TX
Lantern Theatre, Inc., Wantagh, NY
Law Review, Inc., Edina, MN
League of Muslim Women of Rochester,
Rochester, NY
Light to the Nations, Inc., Brooklyn, NY
Long Island Counseling Center, Inc.,
Mineola, NY
Machne Menachem, Inc., Brooklyn, NY
Marcus High School Basketball Booster
Club, Flower Mound, TX
Masumeen Charitable Trust,
North Reading, MA
Maumee High School Ice Hockey
Association, Maumee, OH
Mesorah Center for Jewish Studies
Charitable Trust, Highland Park, NJ
Mindpaint Workshop, Lincoln, NE
Mishkan Yaakov Charitable Trust,
New York, NY
Mission Crusade, Inc., Forest Hills, NY

Moharil Ashlag Torah Center, Inc.,
Brooklyn, NY
Monsignor Michael Fleming Catholic
Youth Foundation, Inc., Bayside, NY
Moscow State University Center for
Social Services and Humanities,
Arlington, VA
MRC Housing Development Fund
Company, Inc., Brooklyn, NY
Municipal Training Center Queens, Inc.,
Jamaica, NY
Nassau Community Outreach
Consortium, Inc., Lawrence, NY
National Educator Foundation,
Los Angeles, CA
National Independence Day Parade, Inc.,
Washington, DC
National Organization for Von
Willebrand Patients & Carriers, Inc.,
Cockeysville, MD
Neurodegenerative Disease Foundation,
Inc., Huntington, NY
New Creation Ministries,
Wenatchee, WA
New Dialogue Study Group, Inc.,
Rego Park, NY
New Horizon Childrens Enrichment
Center, Dothan, AL
New York Guard Foundation, Inc.,
White Plains, NY
Northeast Community Feed-a-Meal
Program, Mer Rouge, LA
North Haven Historical Cemetary
Association, Inc., Sag Harbor, NY
North Posey Athletic Booster Club, Inc.,
Poseyville, IN
Oklahoma Association of Urban Bankers,
Oklahoma City, OK
Olympic Peninsula Intertribal Cultural
Advisory Committee, Kingston, WA
Osage Resident Council Association,
Skiatook, OK
Outreach Childrens Home,
Nashville, TN
Oxbridge Study Abroad Center,
Washington, DC
Palm Beaches Alive, Inc.,
West Palm Beach, FL
Parker Youth, Inc., Parker, CO
Parsippany High School Wrestling
Boosters Parents Association,
Parsippany, NJ
Pathways Spiritual Foundation,
Laguna Beach, CA
Project Destiny International Scholarship
Foundation, Inc., Jamaica, NY
Project Intercept, Inc., St. Paul, MN
Project Pass, St. Louis, MO

Protestant Lawyers Association of New York Scholarship Fund, Inc., Brooklyn, NY
 Pursuit Soccer Club, Spring, TX
 Quick Social Services, Inc., Wyandanch, NY
 Quota Club of Tulsa Charitable and Educational Foundation, Inc., Talala, OK
 Rabbi Yisroel Aryeh Leib Research Institute on Moshiah and the Scie, Brooklyn, NY
 Rabbinical Study - Ohel Shlomo, Inc., Brooklyn, NY
 Radcliffe Sorority Sisters, Inc., Radcliffe, IA
 Reach Foundation, Shaker Heights, OH
 Reaching Out the African-American Youth Mentoring Service, Tacoma, WA
 Rebel Alliance Theatre, Inc., Oshkosh, WI
 Renaissance Alano Club, Santa Ana, CA
 Rhode Island Breast Cancer Coalition, Inc., Coventry, RI
 River Run Arts - Earth Studies Camp, Inc., Peninsula, OH
 Rivers Bend Playhouse, Inc., Evansville, IN
 Rosemary Fund, Inc., Franklin Sq, NY
 Rwanda Reconstruction Fund, Inc., Rockville, MD
 Santa Paula Foundation for Youth, Ventura, CA
 Sarajevo Fund, Incorporated, New York, NY
 Save Our Selves, Inc., Bowie, MD
 Save our Smile SOS, Inc., Dix Hills, NY
 Save the Horse, Inc., Old Bethpage, NY
 Scholar Athletes, Inc., Westbury, NY
 Selig Gourson Tapemobile, Inc., Brooklyn, NY
 Seven Loaves & Five Fishes, Inc., Mission, Brooklyn, NY
 Seventh Principle, Inc., South Orange, NJ
 Sigma Phi Omega National Honor Society, Washington, DC
 Sixty-Five Roses Auxiliary, Inc., Phoenix, AZ
 Sonoma County Brailists, Inc., Santa Rosa, CA
 Southern California Support for Children, Inc., Yucaipa, CA
 Special Forces Ministries, Inc., Brusly, LA
 Starbrite Foundation, Phoenix, AZ
 Stillwater Volunteer Fire Association, Cincinnati, OH

Stonewall Jackson Middle School, Mechanicsville, VA
 Stop Abuse, Inc., Canoga Park, CA
 Supportive Living Program, Inc., Quincy, MA
 Sustainable Communities, Inc., Santa Fe, NM
 Tanitas, Inc., Chevy Chase, MD
 Tax History Foundation and Museum, Northfield, IL
 Teal Lost Land & Ghost Lakes Improvement Assn., Hayward, WI
 Telos Institute, Inc., Candor, NY
 Toaster Museum Foundation, Inc., Charlottesville, VA
 Tov-Roi Foundation, Inc., Brooklyn, NY
 TRRE Foundation, Seattle, WA
 Tulsa Area Wheelchair Sports Association, Inc., Tulsa, OK
 Tunbridge Engine Company, Inc., Tunbridge, VT
 United Ethiopian Services, Inc., Cambridge, MA
 Universal Peace Mission, Inc., Pittsburgh, PA
 Vaad L'Hatzolas Nidchei Yisroel, Inc., Brooklyn, NY
 Valley Coalition for the Homeless, San Benito, CA
 Vermilion Schools Athletic Boosters, Inc., Vermilion, OH
 Veuhsesuh Hayushor Vehatov, Inc. Monroe, NY
 Victorious Overcomers Community Alliance, Inc., Amityville, NY
 Vietnam Veterans for Christ, Phoenix, AZ
 Walk for a Cure Foundation, Salem, OR
 Wellness Education Foundation, Carlsbad, CA
 Wellston Community Support Assoc., St. Louis, MO
 Whiteman Officers Wives Club, Warrensburg, MO
 Worldwide Gospel Tracts, Inc., Pasadena, CA
 Yamim, Inc., New York, NY
 Yeshiva Chasidei Belz of Jerusalem, Brooklyn, NY
 Yeshiva Shalom Rav, Far Rockaway, NY
 Youth Frontiers, Inc., Bronx, NY
 YSI International, Hollywood, FL
 Yvettes Creative Learning, Inc., Marietta, GA
 Zomet, Woodmere, NY
 1884 Oakhurst Links Foundation, White Sulphur Springs, WV

If an organization listed above submits information that warrants the renewal of

its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

Tax Treatment of Cafeteria Plans; Correction

Announcement 2000-92

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking.

SUMMARY: This document contains a correction to proposed regulations that were published in the **Federal Register** on Thursday, March 23, 2000 (65 F.R. 15587), relating to tax treatment of cafeteria plans.

FOR FURTHER INFORMATION CONTACT: Christine L. Keller at (202) 622-6080 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking that is the subject of this correction is under section 125 of the Internal Revenue Code.

Need for Correction

As published, the proposed regulations contain an error that may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the publication of the proposed regulations (REG-117162-99, 2000-15 I.R.B. 871), that were the subject of FR Doc. 00-5818, is corrected as follows:

On page 15587, column 2, the regulation heading in the middle of the column, line 5, the "RIN 1545-AX59" is corrected to read "RIN 1545-AY23".

Cynthia E. Grigsby,
*Chief, Regulations Unit,
Office of Special Counsel
(Modernization and Strategic Planning)*

(Filed by the Office of the Federal Register on October 24, 2000, 8:45 a.m., and published in the issue of the Federal Register for October 25, 2000, 65 F.R. 63824)

IRS and George Washington University to Sponsor Institute on International Tax Issues

Announcement 2000-93

Director, International, LMSB, Carol A. Dunahoo has announced the Thirteenth Annual Institute on Current Issues in International Taxation, jointly sponsored by the Internal Revenue Service and The George Washington University, to be held

on December 7 and 8, 2000 at the J.W. Marriott Hotel in Washington, DC. Registration is currently underway for the Institute, which is intended for professionals in international tax law.

The program will present a unique opportunity for top IRS and Treasury officials and tax experts, as well as leading private sector specialists, to address breaking issues and present key perspectives on new developments. The Institute will open with an address by Jeffrey Owens, Head of Fiscal Affairs Division, Organisation for Economic Co-operation and Development. The first day will also feature sessions on corporate tax shelters from an international perspective, new ways of handling tax controversies, and inbound and outbound updates. Competent Authority officials from Canada, Japan, the United Kingdom, and the United States will discuss current and emerging issues. Larry Langdon, Com-

missioner of the IRS Large and Mid-Size Business Division, will provide the luncheon address.

The second day will focus on international tax issues in the New Economy, including character of income and permanent establishment, e-commerce implications for Subpart F, income sourcing rules and transfer pricing, e-commerce and the EU VAT proposal, and virtual relationships in an e-commerce world. Jonathan Talisman, Acting Assistant Secretary for Tax Policy, Department of the Treasury, will provide the luncheon address. The second day will also include an "Ask the IRS" panel.

Those interested in attending or obtaining more information should contact The George Washington University, Conference Management Services, by phone at (202) 973-1110 or by visiting their web site at <http://www.gwu.edu/~cms/iti13>.

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it ap-

plies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.

E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign Corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.

PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statements of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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